MESSAGE

OF

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JOHN F. HARTRANFT,

TO THE

GENERAL ASSEMBLY

OF

PENNSYLVANIA,

JANUARY 8, 1879.

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VIRTUE
LIBERTY AND
INDEPENDENCE

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of
J. F. Hartranft.

[No. 1.]

ANNUAL MESSAGE

OF THE

GOVERNOR OF PENNSYLVANIA,

JANUARY 8, 1879.

Gentlemen of the Senate and House of Representatives :

As the first Legislature holding a biennial session, you will have many difficult and delicate matters to adjust. As all the existing legislation has been passed in view of annual sessions, it will be necessary to make a careful examination of the various laws regulating the Departments, and particularly those concerning the management of financial affairs. Without attempting a specification of all the changes rendered necessary by the new system, it will be sufficient, as an indication of the importance of the work, to point out, that, unless an amendment of the law requiring the votes for State Treasurer to be counted as the votes for Governor are now counted, is passed, an extra session of the Legislature must be called in 1880 for that purpose alone, at a very considerable expense. Many reports that are now annually required can probably be dispensed with, and many changes made which will lessen the expense and simplify the operations of the Departments. The new Constitution has hitherto, in its transition state, added largely to the expenses of government, but the period has now arrived when the people should begin to profit by the reduced cost of its regular operation. I do not doubt that your work will be done with conscientious fidelity, and your constituents realize, for the next two years, under wise and judicious laws, the full benefits of the new order of things.

During the year, the peace of the State has been unbroken; no epidemics have impaired the usual health of the people, and the earth has yielded her harvests without decrease. We are still in the gray of hard times, and the giant industries of coal and iron are yet slumbering restlessly; but, everywhere, the stir of awakening confidence betokens the beginning of a more prosperous day. Under these circumstances, it is gratifying to be able to inform you that, while it may be necessary to reduce the payments on the debt, to nearly the Constitutional limit, for a year or two, the sources of revenue need not be extended or increased.

FINANCES.

The revenues of the sinking fund have been sufficient to pay all interest due during the past year, to redeem over a million of the public debt, and to leave a fair balance to meet the February interest of this year. The revenues of the general fund, being very much less than was anticipated, and as there was no power to apply the large amount in the sinking fund used to redeem the debt in excess of the Constitutional amount to the General Fund, the State Treasurer was unable to meet, promptly, all the demands made upon him. The following tables will show, however, that with proper economy in appropriations, and a diversion of surplus revenues from the sinking fund to the general fund, both the appropriations of last year unpaid, and the expenses of the next two years can be met without resort to additional taxation.

TOTAL RECEIPTS AND DISBURSEMENTS DURING FISCAL YEAR ENDING NOVEMBER 30, 1878.

Receipts.

Balance in Treasury, November 30, 1877, . .		$2,162,046 87
General fund, ...		3,957,881 83
Sinking fund, ...		1,555,536 14
		$7,675,464 84

Disbursements.

Ordinary expenses, ...	$4,362,170 95	
Loans redeemed, ...	1,068,193 45	
Interest on loans, ...	1,222,408 52	
Premium on gold, ...	1,057 70	
Turnpike and railroad stock, . .	102 96	
		6,653,933 58
Balance in Treasury, November 30, 1878, . .		$1,021,531 26

PUBLIC DEBT.

Over due loans, upon which interest has been stopped and not presented for payment, . . .		$43,843 28
Redeemable loans of five and six per cent., upon which interest has been stopped and not presented for payment, ...		131,750 00
Six per cent. payable in 1879, ...		400,000 00
Five per cent. payable in 1882, ...		395,000 00
Four and one half per cent., payable in 1882, . .		87,000 00
Six per cent., redeemable in 1877, and payable in 1882, ...		2,118,000 00
Five per cent., redeemable in 1877, and payable in 1882, ...		90,400 00
Six per cent., redeemable in 1882, and payable in 1892, ...		9,271,850 00
Five per cent., redeemable in 1882, and payable in 1892, ...		723,950 00
Five per cent., redeemable in 1892, and payable in 1902, ...		8,000,000 00
Six per cent. agricultural, payable in 1922, . . .		500,000 00
Relief notes in circulation, . . .	$96,167 00	
Interest certificates outstanding, .	13,038 54	
Interest certificates unclaimed, . .	4,448 38	
Domestic creditors certificates, . .	25 00	
Chambersburg certificate unclaimed,	148 66	
		$113,827 58
Total debt, December 1, 1878, ...		$21,875,620 86
Total debt December, 1878, ...		$21,875,620 86
Pennsylvania Railroad bonds, representing an indebtedness January 31, 1879, of	$4,446,268 98	
Allegheny Valley Railroad bonds,	3,100,000 00	
Balance in Sinking Fund, November 30, 1878, ...	958,630 88	
		8,504,899 86
Indebtedness unprovided for, ...		$13,370,721 00

SINKING FUND.

Receipts and payments for fiscal year ending November 30, 1878:

Receipts.

Balance in fund, November 30, 1877, ...	$1,705,014 87
Corporation stock tax, ...	829,543 75
Allegheny Valley Railroad Company, (interest on bonds,)	160,000 00
Allegheny Valley Railroad Company, (bonds redeemed,)	100,000 00
Pennsylvania Railroad Company, (commutation tax,)	460,000 00
Turnpike and plank road stocks, (sold under act, January 12, 1878,)	5,992 39
	$3,260,551 01

Payments.

Five per cent. bonds redeemed, .	$365,638 30	
Six per cent. bonds redeemed, .	702,548 15	
Relief notes, ...	7 00	
Total amount of debt redeemed,	$1,068,193 45	
Premiums on gold for payment of interest, ...	1,057 70	
Interest paid on public debt, . .	1,195,255 10	
Interest paid on debt redeemed, .	7,301 32	
Interest paid Agricultural College,	30,000 00	
Expenses, sale of turnpike stock,	102 96	
Interest paid on Chambersburg certificates, ...	9 60	
		$2,301,920 13
Balance in Sinking Fund, November 30, 1878, .		$958,630 88

Estimated Receipts for the year ending November, 1879.

Balance, November 30, 1878, ...	$958,630 88
Tax on corporation tax, ...	1,200,000 00
Pennsylvania railroad commutation tax, . . .	460,000 00
Allegheny Valley railroad bond, ...	100,000 00
Allegheny Valley railroad interest, ...	195,000 00
Total receipts, ...	$2,913,630 88

Estimated payments, interest, . .	$1,150,000 00	
Inclined Plane loan, due April 10, 1879, ...	400,000 00	
Over due and called loans, . . .	175,593 28	
		1,725,593 28
Surplus November 30, 1879, ...		$1,188,037 60

GENERAL FUND.

Receipts during fiscal year ending November 30, 1878.

Balance in fund, November 30, 1877, ...	$454,775 50
Revenue, ...	3,957,881 83
Total receipts, ...	$4,412,657 33
Payments, ...	4,362,170 95
Balance November 30, 1878, ...	$50,486 38

Estimated Receipts for year ending November, 1879.

Balance, November 30, 1878, ...	$50,486 38
Estimated revenue 1879, (State Treasurer,) . .	3,395,000 00
Total available fund, ...	$3,445,486 38
Estimate expenses for 1879, including unpaid appropriations, (State Treasurer,)	5,618,547 35
Estimated deficit in General Fund, November 30, 1879, ...	$2,173,060 97

It will be seen, by an examination of the Sinking Fund, that after the redemption of the $400,000 loan due next April, and payment of the over due and call loans, and the payment of the interest on the public debt, there will be a surplus of over one million of dollars at the close of the year 1879. The Constitution requires an annual reduction of the public debt of not less than $250,000. The payment of the inclined plane loan would be $150,000 in excess of the Constitutional requirement. There is, therefore, no good reason why the Legislature should not permit the Sinking Fund Commissioners to divert all that they may find necessary to the General Fund, after thus fulfilling the provision of the Constitution. And, indeed, there does not seem to be any serious objection to passing a general law giving the Sinking Fund Commissioners authority, after paying the interest on the public debt, and redeeming the principal required by the Constitution, to divert the

balance of the revenue which would otherwise go into the Sinking Fund by legislation, to the payment of the debt or to general expenses, as the exigencies of the State's finances may require. The present rigid method is very inconvenient, especially in times when the revenues naturally decrease, obliging the Commissioners to redeem the loans of the Commonwealth, when legitimate claims presented at the counter of the general Treasury have to be put off. The estimated deficiency in the General Fund at the close of the present fiscal year, including the unpaid appropriations, will be $2,173,060 97. The revenues of the General Fund for 1878 have fallen below the revenues of 1877 some $600,000, and the estimated revenues of 1879 are $900,000 below the same standard, making altogether for the two years, in which the deficiencies will have principally accumulated, a falling off of the revenues of $1,500,000. As this extraordinary decrease could scarcely have been anticipated, but $673,000 of the deficit can be laid to the extraordinary appropriations required on account of the Insane Hospitals for the South Eastern district and at Warren, the building of the new Western and Eastern Penitentiaries, the Jefferson Medical College, the State Agricultural College, and the expenses and claims for the riots of 1877, amounting altogether to $1,925,000. It must also be considered that this deficit is estimated upon the gross amounts appropriated, and that considerable sums will be covered back into the treasury. As for instance, the appropriations to pay for suppressing the riots of 1877 were $710,000, and the amount paid, with almost all claims now settled and paid, is $584,811 63. So that it is safe to assume that $100,000 of this appropriation will not be required.

But it is satisfactory to the taxpayers that this deficit can be made up in the next two years without additional taxation. In the two years of 1879 and 1880, there can be diverted from the Sinking Fund revenues the sum of $1,500,000—$1,000,000 in 1879 and $500,000 in 1880—and still leave enough in the fund to pay the interest and redeem $500,000 of the public loans each year, which is double the amount required by the Constitution. In 1880, as there will be no session of the Legislature, the Treasury will have, at least, $500,000 which is usually appropriated to that expense, to apply to the payment of the balance of the deficit. But the revenues for the two years have been estimated much below the amounts that may reasonably be expected. By a vigor-

ous enforcement of the tax laws, the revenues for this year ought to be largely increased over those of last year, and thus still further relieve the Treasury; and I do not see why we may not reasonably expect a moderate improvement, from year to year, in the revenues of the State. If we count the tax on corporations only at what it was last year, which was very low, the revenues will be increased, for the two years, by about $400,000 or more than enough to cover the remainder of the deficiency. To do this, however, it will be necessary to extend the payment of most of the appropriations over the two years, and rigidly keep the appropriations for 1879 and 1880 within the limits of the estimates. Taking the two years together, (and hereafter the estimates and appropriations must be made for two years,) it is believed the revenues will be sufficient to meet all expenses and redeem, by the end of 1880, about one million of the public debt, and the State will then be able to commence 1881 without a deficit.

The change in the law, recommended in the message of 1877, by which the tax on railroads was changed from all tax on dividends to part on dividends and part on gross receipts, has proved very beneficial in the present depression. Without this change the State would have received from two to three hundred thousand dollars less by reason of these companies declaring small dividends. The four leading corporations, the Pennsylvania, the Lehigh Valley, the Philadelphia and Reading, and the Delaware, Lackawanna and Western Railroads, have paid the State under the act of 1877, $609,525 69, while under the old law they would have paid only $444,625 52, showing an increase of $164,800 17 in favor of the law of 1877. Many corporations have declared dividends just under six per cent. and made appraisements which have been accepted, much below the market value of stock, as measured by the dividends declared. If they could be appraised at the value indicated by the dividends declared, the receipts under the law, would be still further increased.

SAVINGS BANKS AND TRUST COMPANIES.

My views upon the subject of savings banks having been fully laid before you, in former messages, I shall merely renew the recommendation for such legislation as will adequately protect the depositors of such institutions, by drawing and maintaining the line between business enterprises and fiduciary relations. Last

year, in connection herewith, I took occasion to recommend the creation of a bank department, and the appointment of a bank examiner. A bill to that effect was introduced at the last session, and passed the Senate, but failed in the House. I am still convinced of the advisability of such a department. The total number of banks reporting to the Auditor General, in 1873, was one hundred and seventeen, with $23,400,000 on deposit. Of these, seventy-seven are represented as savings banks and trust companies, with $16,790,000 of deposits. Since that year, the official records show the failure or suspension of thirty-one institutions, whose deposits aggregated $8,200,000. Eighteen of these suspended banks were so-called savings banks, with deposits amounting to $6,650,000. It is a significant fact, that about 68 per centum, or $4,500,000 of the deposits of the eighteen broken savings banks, was invested in discounts upon ordinary business paper. These figures will convince you, I think, of the importance of drawing the line between the two classes of institutions, and creating an officer to enforce the law, and close up all failing institutions, before the ruinous consequences of concealment of insolvency and desperate efforts to retrieve losses have involved depositors in an almost total extinction of securities.

MUNICIPAL GOVERNMENT.

The report of the municipal commission made to the last Legislature remains unacted upon. The general agitation of the subject of municipal reform in 1875 and 1876 had a tendency to somewhat check the reckless extravagance of the preceding decade, but it is apparent to all, that, under the present system, the bankruptcy of our larger cities is only a question of time. The financial condition of the larger cities has improved but little, if any, since 1876. As it is evident, therefore, that the system is at fault, the only hope of the citizens of those municipalities is in the action of the Legislature.

The commission appointed under the act of May 5, 1876, has well and conscientiously performed its duties. The result of its deliberations and labors are before you in a well digested code, which, while it may be open to objection in some of its details, is yet undoubtedly founded upon the only principles from which a permanent reform in municipal governments can be expected. These principles, as set forth by the commission, may be briefly

stated as follows: First, Increased powers of appointment and removal and supervision by the mayor over the executive departments, and the complete separation of the executive and legislative functions. Secondly, The necessity of providing for an annual tax rate to cover all annual appropriations, and the prohibition of any expenditure for any purpose over the amounts specifically appropriated. Thirdly, The absolute denial or limitation of the powers to create debts.

The New York commission, appointed in 1875, to devise a plan for the government of cities, arrived at, substantially, the same conclusions, which are thus stated in their report.

"A chief executive officer, clothed with the authority of general supervision, and with the unfettered power to appoint the other principal executive officers, except those two, (the chief financial and chief law officer,) whose duties immediately affect the matter of the public expenditures, and with the power of removal, subject, however, to the approval of the Governor."

"The determination in each year of the sum of money requisite to be expended for all objects and purposes, and what part thereof is to be raised by taxation and the levying of the latter sum. The appropriation, at the same time, of the whole sum to be expended to the several objects and purposes. The prohibition of any expenditure beyond the sums appropriated, by making all contracts or engagements in excess thereof void."

"A further enforcement of the maxim 'pay as you go,' by a prohibition against borrowing money or incurring debt, except under certain specified conditions, not likely to arise often."

These fundamental principles thus arrived at by the independent labors of two eminent commissions, are essentially indorsed by the leading citizens of all classes and parties, and may, I think, be confidently accepted as the correct basis of a plan of municipal government. There will, of course, be differences of opinion as to the means and machinery by which these acknowledged principles of municipal government are most effectively to be put into operation, but it is evident that if we wait upon the expectation of harmonizing all differences and debating endless theories, the calamities we seek to avert will be upon us in the midst of the discussion. As the commission justly observe: "If time and experience should develop defects, they can easily be supplied by future legislation, and we feel assured that the ben-

efits resulting from the adoption of the system we propose, will amply compensate for any mistake or omission in mere matters of detail, which are of minor importance."

Admitting fully all that the commission say as to the difficulty and delicacy of repealing all the legislation upon the statute books referring to municipalities, I am still of the opinion that no permanent reform can be justly expected, while these loop-holes of escape from the provisions of a general plan exist, and I deem it of primary importance, at any risk, that this accumulation of special legislation should be swept away, and the rights vested thereunder be put, if possible, without manifest and lasting injustice in the way of merging into the general system. There is much force in the objection of the minority report, that "The bill proposed does not specifically repeal any law," and that "It is but one more added to the numerous acts governing our cities," and it is very doubtful whether section twenty-seven of the schedule of the bill, which provides that "The councils of existing cities shall, within one year from the approval of this act, designate by ordinance, such of the special acts of Assembly, or parts thereof in force, and not inconsistent herewith, as they severally desire to retain in their respective cities, and all acts not so designated, shall be, and the same are hereby repealed from and after the approval of such ordinance," will lead to any practical results. It is barely possible that what the commission hesitated to undertake will be satisfactorily performed by the cities' councils.

But even this objection, of whatever force it may be, ought not to deter you from the passage of the act. If in the practical operation of the act, obnoxious special legislation should still survive or be revived, it is something which experience alone, perhaps, can prove, and it will be still in the power of the Legislature, when its pernicious influence shall have been clearly demonstrated, to repeal it, or bring it into harmony with the improved system.

I regret, also, the supposed necessity of retaining and extending the classification of cities; the reasons in support thereof seem to me rather specious than sound. From an examination of the provisions of the bill, I think but little difficulty or inconvenience will be found in adapting its machinery uniformly to all classes of cities. The creation of several classes, containing but a single city each, subjects the system and the tax payers to the dangers of the most injurious special legislation. To avoid the evils of

such legislation, the commission propose an amendment to the Constitution, that the General Assembly shall pass no laws relating to the affairs of any class which embraces but one city, "unless upon application made by joint resolution of the councils thereof, passed by the votes of two thirds of all the members elected to each branch, recorded by yeas and nays, approved by the mayor." But if it be thought necessary to make a distinction between large and small cities, the trouble of passing such an amendment will be obviated, and every practical requirement filled, and the evils of special legislation, in a great measure, avoided, by dividing the cities of the State into two classes—those containing one hundred thousand inhabitants or over to constitute one class, and all with a population of less than one hundred thousand, the other.

In conclusion, I hope the bill will be early brought forward for discussion and finally passed substantially as it is; if not for the govenment of all the cities of the Commonwealth, at least for all cities containing one hundred thousand inhabitants or over, or those which now constitute the first and second classes. As applied to those cities, I think the leading principles of the bill, before referred to, will meet the general and unqualified indorsement of the citizens and tax payers, and its machinery and operation be greatly better than the present organization.

The management of the smaller cities is generally more economical and judicious than the administration of the larger ones, and, perhaps, the only change needed in the code of 1874, to adapt it perfectly to their government, is the absolute prohibition of the power to borrow money for any purpose whatever, in order that councilmen may not be tempted to get a cheap reputation for economy, at the expense of posterity, by willfully levying a tax rate manifestly too small to cover the necessary expenditures then appropriated, without reference thereto, leaving every year a large deficit in the shape of a floating debt, to be finally added to the bonded indebtedness.

The evils which this bill is intended to correct cannot long continue without the most deplorable consequences, and the million and a quarter citizens of the cities of the Commonwealth are looking anxiously to the Legislature for relief from the abuses and dangers which they are unable themselves to reform or escape under the present system of municipal government.

EDUCATION.

On the subject of general education, I shall merely repeat my concurrence with the views of the Superintendent of Public Instruction, and indorse his request for a revision and digest of the school laws, the passage of an act for the compulsory education of vagrant and friendless children, and the adoption of a system of industrial training.

The act prepared by the Superintendent of Public Instruction for the education and support of vagrant and friendless children, is in accordance with the recommendation of that officer in his report of 1877, and with the views expressed, from time to time, by the present Administration. Although it has been published and discussed as "A Pennsylvania plan of compulsory education," an examination of its provisions will show that it is best defined by its title as "An act to provide education and maintenance for destitute and neglected children," its main object being to compel the local authorities to provide shelter, food, and clothing for and to educate, employ, and apprentice children without parents or friends, and those whom parents or guardians, either through poverty or crime, habitually neglect. In the latter case, if the parents or guardians are pecuniarily able, they may be fined and compelled to give reasonable security for the future support and education of the child, or to pay a part, or all, as able, of the expense of its public maintenance. I cannot see any valid objection to the passage of such a bill. Most of those whom the plan includes will be homeless and parentless children, and, surely, no one will deny their claim to the home the bill provides. The few others who come within its scope will be found, for the most part, of vicious and criminal parentage. I shall not debate the natural rights of individuals in the parental relations, since I am, for my own part, firmly persuaded that the social rights of adults end with the right to illimitably propagate beggars and criminals, and stop short of the privilege to educate them.

On the subject of industrial and technical training, I wish only to call your attention to its relation to the larger labor question. As the frontiers of civilization recede, the difficulty of transferring the surplus population of our labor centres is yearly increasing. Our mining and manufacturing districts are consequently crowded with capital and labor, which the present diversities of industries cannot absorb. The natural spread of population tends, in a

measure, to restore the equilibrium, but the period of growth is probably reached, when it is necessary to find employment for an increasing population. Nothing, it seems to me, will so much extend the sphere of activity as a system of industrial education.

Such a system would be costly, and the return to the State, in the extension and elevation of its industries, and the diffusion of greater comfort and content among the people, cannot be accurately measured in dollars and cents. That the material gain in the increase of the value of manufactures, and the decrease in the cost of maintaining order, would balance the original outlay, and the annual apppropriations necessary to establish and support the system, is probably too much to assert or expect. But when we consider, that in the last eight years the State has expended $832,905 30 over and above the ordinary militia expenses, in the suppression of riots, which are not to be considered as the results of an unusually lawless disposition, but rather as the desperate struggles of ignorant men to cut the Gordian knot of a difficulty that only the utmost skill and patience will ever enable society to untie, it will be acknowledged that the gain, in that one item alone, would go a considerable way toward the support of the system.

Confining the problem to Pennsylvania, it does not seem possible to adopt any quicker or better measure than to increase the value and variety of production, and improve the bread-winning powers of the laborer. In other words, to diffuse the technical and artistic knowledge which increases the rapidity and beauty, and thereby decreases the cost and widens the market of the manufactured article, and to foster the intelligent coöperation of laborers, among themselves and with capital, so as to utilize to the best advantage the class wages. For there is a skill in living quite as important as a skill in earning. And probably there is nothing the American people are more in need of learning.

Such appears to me to be the paramount reason for a system of industrial and technical training. I shall not again present the system which was outlined last year, but I hope the subject will receive at your hands the consideration that it merits.

In this connection, as a preparation for the work, it would be well to continue your patronage to the Pennsylvania Museum and School of Industrial Art, and make some provision for the exhi-

bition and preservation of the valuable scientific library and collections of the Second Geological Survey.

ARBITRATION.

The great question of the day, is the so-called conflict of capital and labor. While we need not indulge in gloomy forbodings concerning its outcome, it is certainly a matter that statesmen and legislators cannot safely ignore. All the labor communities of the old world have passed through precisely the same turbulent career of strikes, riots, outrages, and murders, which have excited so much alarm in Pennsylvania. Occurring in every industrial community and under every form of government, they cannot be regarded as menacing particularly republican institutions, nor is the cause to be looked for in our political organization. But the direct and indirect losses and miseries they entail upon the community, demand a patient investigation of the causes and an honest attempt at re-adjustment. As mentioned above, the State has paid for the suppression of labor troubles an average of over $104,000 annually for the past eight years, and even a casual examination of the annals will show that there has been a growing frequency and breadth of trouble and violence, and, consequently, a corresponding increase in the expenses of their suppression. The direct loss to capital, in the destruction of property, has been very great, while the loss from enforced inaction has been enormous. The loss of wages to the working class has amounted to many millions of dollars, and habits of individual independence and thrift have given way to a demoralizing dependence upon organizations. The antagonism of class has been a fruitful source of crime. The large sums expended in the detection and conviction of the perpetrators of these outrages, must therefore be placed to the same account. The Mollie Maguire murders, like the agrarian murders in Ireland, and the trades union outrages, arsons, and machine breakings in England, were not the work of the so-called criminal classes. They did not originate in the depravity which deliberately selects criminality as a mode of life or result from the sudden temptations of passion or avarice. They were essentially class murders; and as is always the case in the bitterness engendered by such contention, their criminality was ignored by many of the class and nationality outside of the guilty circle of the order. If some of the leading spirits of the class had been members of a board

of arbitration as representatives of labor, with some of the employers or their agents as representatives of capital, it is not unreasonable to suppose that most of the disagreements that have kept the coal regions in a state of turmoil, might have been amicably adjusted, and many of those who were assassinated and of those who have been hanged, living to-day, if spared in the ordinary course of nature, the life of the average citizen with all its undeveloped possibilities of good and evil.

Under these circumstances it becomes a highly important question whether the policy of repression is the best remedy that the wisdom and humanity of the age can devise. It must eventually prove a failure in the United States. Under our political institutions the best way to promote the spread of communistic ideas is to hedge property with bayonets. In the long run, the policy of elevation is safer and cheaper than the policy of repression. Probably no social movements are governed so little by considerations of interest or more by mere sentiment and passion than strikes and their attendant agitations. Strikes are precipitated without reference to conditions or prospects of trade or market, and obstinately prolonged after all hope of success has vanished. Indeed the chief obstacle to any re-adjustment of the relations of capital and labor is a sentimental antagonism and unreasoning jealousy. It is this which prevents a mutual understanding and knowledge of interests and motives. How much the action of the Legislature can do to establish better relations is something that can best be learned from past and future experience. It is certain, however, that to be wholly effective arbitration of disputed points must be voluntary, and possibly all that the Legislature can do is to prepare the way for such a system by disseminating information of its formation, operation, and advantages, and enacting a simple code as a model for voluntary arbitration.

In England, the system of arbitration and conciliation originated with the manufacturers and operators, and has changed, where ever fairly tried, the old feeling of bitter hostility between the employers and the employed, into one of mutual respect and confidence. With the same class in Pennsylvania, lies the responsibility of the initiative; with the Legislature, the responsibility of education.

Deeply impressed with the importance of bringing about, if possible, a mutual understanding of the two classes, and creating

an arrangement for the amicable and rational settlement of all disputes and controversies, I gladly availed myself, in the early part of the year, of the services of a gentleman, a student of industrial questions, who visited England to investigate the form, practical workings, and results of the various systems of arbitration in operation there, and commissioned him a special agent, under the seal of the State, to examine and report the same on behalf of the Commonwealth. His report, which is the fullest, clearest, and most satisfactory presentation of the subject I have ever seen, I have the honor to transmit herewith, and I would respectfully suggest that its wide publication, and especially among the laboring classes, will do much so produce the accurate knowledge, and the unprejudiced and rational views of the subject, out of which arbitration must, eventually, grow.

I have refrained from any discussion of the system, which is elaborately presented in the report, and confined myself to urging its necessity. I shall close simply by summing its results. Wherever established, an intelligent coöperation between employers and employed has been effected and steady employment secured at those rates of wages, which the industrial conditions of a competitive market enabled capital to pay, and maintain a steady production. Strikes, riots, outrages, and trades union murders have become things of the past. In prosperous times labor has shared in the increased profits of capital, and in periods of depression each has mutually supported the other with the minimum of loss and suffering.

PENAL, REFORMATORY, AND ELEEMOSYNARY INSTITUTIONS.

The reports of the Board of Public Charities and of the inspectors and superintendents, will present to you the generally satisfactory condition of the various penal, reformatory, and eleemosynary institutions of the State. Since the formation of the Board, in 1869, great reforms have been introduced in the public institutions coming under its supervision, and the wisdom of its creation has been shown by a more effective and economical use of public moneys, and a marked improvement in the care of the defective and criminal classes. During the year, the Board met with the loss of two of its members. In 1875, upon the resignation of Mr. Harrison, the Honorable G. Dawson Coleman became a member of the Board, and up to the time of his death, on the

ninth day of September, 1878, gave to its work the valuable assistance of his broad and liberal views, wide experience, and mature judgment. On the first day of January, 1879, the Honorable Francis Wells severed his connection with the Board. For over five years, Mr. Wells has labored in the cause of public charity, with a zeal and intelligence which have a partial reward in the satisfaction for great improvements he has assisted to make, and a knowledge of the confidence and support which the disinterested labors of the Board have won from the people and their representatives.

The over-crowded condition of the Eastern and Western Penitentiaries will continue until the completion of the new Western and Middle Penitentiaries. The old institutions have found some local relief in the measures recommended and adopted last year. The inspectors of the Western Penitentiary have taken possession of the Reform School property, and have already removed one hundred and fifty prisoners to the new premises, thus relieving the old prison, and setting the convicts at wholesome and remunerative out-door work. The letter of the president of the Board, herewith transmitted, will explain fully the sums needed, exclusive of the annual appropriation, to complete the removal of the old and the building of the new penitentiary, with a capacity of one thousand cells, which, in the opinion of the inspectors, will be sufficient for the prison population of the western district, for many years to come.

The inspectors of the Eastern Penitentiary have completed two new corridors, increasing the cell capacity of the prison to six hundred and eighty, and before the summer, eighty-five more cells will be ready for use. Even this increase will give them very inadequate accommodations for eleven hundred and eighty convicts. The report of the inspectors will be transmitted early in February, together with the valuable statistical tables, which are prepared with so much care and judgment by the gentlemen of the board.

The commissioners appointed under the act to provide for the erection of the Middle Penitentiary have located the same at Huntingdon, and are now negotiating for a tract of ground of about twenty acres, agreeably to the provisions of the act.

As it will be some time before the convicts of the middle district, now confined in the Eastern and Western Penitentiaries, can be removed, I respectfully renew the recommendation to modify

the law so that only those criminals who are sentenced to not less than two years imprisonment, at separate and solitary confinement, may be sent to the penitentiaries. The reasons for such change were given at length in the message of 1877, and the necessity of providing as ample relief as possible to the old institutions, pending the building of the new prisons, will acquire additional force from year to year, and even when all the prison extensions now in progress are completed, such a modification of the law will still be necessary to secure all the benefits of the increased capacity of our penitentiaries.

The reports of the superintendents of the various State asylums for the insane, and of the commissioners of the State hospitals at Warren and Norristown, will accompany the report of the Board of Public Charities. I need not remind the Legislature of the necessity of early and full appropriations for their support and completion. By a well-timed liberality, parts of the hospital at Warren can be ready for the reception of patients towards the close of 1879, and the hospital at Norristown in like condition some time next year.

The care of the criminal insane was the subject of a memorial of a committee of the Medical Society of Pennsylvania in 1874, and of the report of the commissioners designated by the Legislature in 1875, both of which were referred to in the messages of the respective years. "Insanity but seldom renders its victims better than before in any respect; more generally, indeed, it adds darker and more repulsive features to the character. The insane criminals are much more prone than the rest of the insane to commit dangerous and violent acts; to be concocting plans of escape, rebellion, or mutiny; to torment the feeble and irascible about them; to teach new lessons in depravity"—is the testimony of an experienced and discriminating writer. It seems to be the duty of the State, therefore, to provide for their separate confinement. The class is small, and, perhaps, some modification in one of the hospitals or penitentiaries now building would answer all purposes.

THE NATIONAL GUARD.

Pennsylvania now has a well organized, armed, and disciplined force of militia. Although still perhaps somewhat larger than absolutely necessary, the policy of the administration to make a

small, compact, and efficient body of troops has been steadily pursued. When compared with the organization and numbers in 1872, the soldier-like results of the different consolidations and our progress toward a perfect military system are clearly apparent. In 1872, there were twenty-one divisions, with three hundred and twenty-three companies, comprising 1,126 commissioned officers and 13,566 enlisted men. In 1879, the State constitutes one division, divided into five brigades, aggregating one hundred and forty companies of infantry, five cavalry companies, and four batteries of artillery. The muster roll of the Guard now numbers 608 commissioned officers, and 8,200 non-commissioned officers and men.

The law of 1878, under which the re-organization has been made, provided for the expenditure of the gratuity of the State in fatigue uniforms and equipments, until every organization was fully equipped for active service. Under this provision, those of the troops, who were without uniforms and equipments acceptable to the Adjutant General, were supplied, during the year, with State uniforms, of the army pattern and standard. The soldierly appearance and solidity of the Guard, when assembled for inspection or parade, were highly satisfactory to its members and its friends.

Steps are now being taken to supply the troops with great coats, the officers and men having, with commendable spirit, given the pay allowed for attendance at the annual inspection, for that purpose. Instead of extending the equipment over a number of years, and taking the cost from the annual gratuities, it would be more satisfactory if the State would appropriate, in full, the sum necessary to equip the troops for active service. The amount is comparatively small, and the advance will be amply repaid in the readiness of the Guard for active and continuous duty, and its increased spirit, from a sense of efficiency and appreciation of a substantial recognition of its services and worth.

GEOLOGICAL SURVEY.

The report of progress of the Board of Commissioners of the Second Geological Survey of Pennsylvania will be laid before you. The present appropriation will carry them to the end of 1879, and an additional appropriation of $100,000 for 1880 and 1881 will be required to complete the work. A catalogue of the large collec-

tion of books and specimens made by the surveyors during the progress of the work has been published, and I again invite your attention to the necessity of providing for the exhibition and preservation of these valuable scientific objects. The survey has already cost the State much more than the original estimates, but its thorough prosecution to the end will give us a final survey, upon the accuracy of which the business enterprise and scientific research of future ages can confidently rely. I shall therefore make no apology, even in the present state of our finances, for recommending the appropriations necessary to complete the survey and publish and preserve its results.

I have been furnished with an advanced copy of the memorial of the Engineers' Club of Philadelphia, and citizens of Pennsylvania, to your honorable bodies, praying for State coöperation with the United States Coast Survey, in the geodetic survey of the State, authorized by act of Congress in 1871. Under this law, work was commenced in Pennsylvania in 1875, but owing to the limited appropriations which the General Government is able to divide *pro rata* amongst the many States now conducting surveys, the work progresses very slowly, and may occupy twenty or thirty years. The amount of State aid needed for surveying, draughting, and publishing maps, etc., is estimated at twenty-five thousand dollars annually for five years. Although the opportunity is one that at some future time it may be well to take advantage of, I cannot persuade myself that at the present time it would be prudent to undertake it on so extensive a scale. But I think it would be well to assist the United States Coast Survey with the small annual appropriation of three thousand dollars asked for in the interest of the Second Geological Survey and the Land Department of the Office of Internal Affairs, to determine certain important stations, lines, and boundaries.

THE NORTHERN AND WESTERN BOUNDARIES.

The northern boundary of the State has been traced, with the exception of fifteen miles unexplored, and some twenty miles still requiring revision. The work, for some time, has been carried on at the cost of the State of New York, as the appropriation to meet the portion of the expenses properly falling upon Pennsylvania failed in the last Legislature, for want of time. The sum of six thousand dollars will be required of Pennsylvania to finish the work, and equalize the expenditures of the two States.

The full report of this commission, and also of the one appointed under the act of May 18, 1878, to act in conjunction with similar commissions from the States of Ohio and West Virginia, to retrace the boundaries between the three States, and replace the monuments thereon, have been sent to the Secretary of Internal Affairs, according to law, and are transmitted with the reports of that officer.

PENNSYLVANIA ARCHIVES.

The publication of the second series of Pennsylvania Archives has been carried forward to the complement of seven volumes, to which it was restricted by the act of March 23, 1877. The original act of May 13, 1874, provided for the publication of all the papers of historical value relating to the period of the Revolution, the "whisky insurrection," and the war of 1812. Two volumes, containing the rolls and records of the Pennsylvania line and militia of the Revolution, upon which much time and labor has been expended, and, in interest, perhaps, more important than any of the volumes thus far published, together with about two volumes of marriage records, fully prepared, remain in manuscript, while the documents relating to the war of 1812, have not been reached. In view of the importance of this material, which the common misfortune of fire might place beyond recovery, as in the case of the records of the Revolution at Washington, I would recommend the repeal of the restriction as to the number of volumes, in order that the contemplated publication may be completed under the present editors, who will supervise it, without further charge.

FREIGHT DISCRIMINATION.

The discussion of freight discrimination occupied a prominent place in the questions of the year. The producers' memorial, of August 16, 1878, charged, in the most specific manner, that the railroad companies had allowed the Standard Oil Company unlawful drawbacks and rebates in freight charges denied to others. The railroad authorities denied that thecompanies had made *unlawful* discriminations. They did not deny the fact, but asserted its legality. It is, therefore, a question of law, and as such, can only be settled in the courts. The only preliminary question arising is the propriety of the State, instead of individuals, making the issue. The State desires to establish, for the mutual relation

of her great producing and transporting industries, a principle of law. The State alone can fix that principle, in the broad and general way that will hereafter govern the policy of those industries. Individuals can only laboriously and expensively, one by one, secure individual rights; the State can at once, by this proceeding, make efficacious the seventh section of Article XVII of the Constitution, and establish the just and legal basis of equal and open transportation. It is to the interests of all the north-western and western sections of the State, of merchants and business men everywhere, and of immense importance to Philadelphia and Pittsburgh, as exporting ports, that the yield of Pennsylvania's soil, and the fruits of Pennsylvania's labor should have free and fair transportation to all points of the State, and to the sea-board. It is to the interests of the stockholders of the railroads, and of deeper interest to the people of Pennsylvania, that the bitter and growing prejudice against transporting corporations should be proved to be unfounded and unjust, or the causes thereof be speedily and effectually removed.

I have long been convinced that the question of general governmental supervision of inter-state and overland commerce, is pressing upon us, and, while I did not think it my duty to interfere, pending the attempt of the parties to settle their relations by mutual agreement, or by legislation, I have not hesitated to promptly take advantage of the first appeal to the Executive, to secure, if possible, an authoritative and binding declaration by the highest judicial tribunal of the State, of the duties and obligations of corporations, under the provisions of the Constitution.

MISCELLANEOUS.

Among the numerous subjects that will occupy your attention, I beg leave to briefly emphasize a few that appear of more than ordinary importance.

The establishment of a State Board of Health was urged in the message of 1877, and briefly referred to in that of last year. The Medical Society of the State of Pennsylvania will again bring the matter to the attention of the Legislature. The experience of the past year has shown the desirableness of such a department to improve the hygienic condition of the people and insure against epidemics. Second only to its police duties, if not, indeed, a part of them, is the obligation of government to enforce the sanitary

regulations necessary for the healthfulness of society. I hope you will not fail to give the bill presented a favorable consideration.

Complaints are frequently made at the office of the Secretary of the Commonwealth by judges, of the inadequacy of the bonds for recorders of deeds. As fixed in 1877, they are wholly disproportionate to the present business of the offices. They should be increased to correspond with the value of the present records, and with the bonds of the other county officers.

The current wants of the State Library absorb the greater part of the usual appropriation, leaving very little for the purchase of valuable matter or the preparation for reference and preservation of orignal manuscripts. The collection of documents, pamphlets, books, paper-files, maps, and manuscripts concerning the history of Pennsylvania is very incomplete. Within a short time many valuable things relating to the early history of the Commonwealth were in the market, but the librarian had no appropriation with which to buy them. An additional appropriation ought to be given to the librarian, with discretion to purchase such valuable historical and rare literary materials as may be offered from time to time, to complete the records of the library.

The Fish Commissioners have been very successful in introducing the sea salmon into the Delaware and Susquehanna rivers, and have filled our streams with a plentiful supply of black bass and brook trout. The attempt to propagate the California salmon also promises well, and the results of the year have been to finally prove the feasibility of stocking the waters of the State with a constant and abundant supply of the best food fishes. Some additional legislative support may be necessary to enable the Commissioners to carry on and protect their labors, which will revive a profitable industry, and furnish the people a cheap and acceptable article of food.

IN MEMORIAM.

The country has suffered the loss, during the year, of three distinguished Pennsylvanians. On the twenty-first day of August, in the thirty-fourth year of his age, Henry Armitt Brown, died at Philadelphia. He belonged to public life only in the higher sense of simple citizenship, for he held no office, except the high position of a leader of men, and wielded no authority except the noble influence of a pure and strong life. At the time of his death, he had just com-

pleted the masterly orations on Revolutionary events, upon which his reputation as a scholar and orator will eventually rest after the personal recollections of the gentleman have faded into tradition.

On the nineteenth day of December, in the fifty-fourth year of his age, Bayard Taylor died at Berlin. Although he had filled several positions abroad, he was best known to the public as a traveler, a journalist, and a man of letters. His fame rests upon numerous works of travel, of fiction, and of poetry, and translations, the fruits of an exceedingly busy life. His appointment as minister to Germany was received with general satisfaction, and his death is regarded as a public misfortune. The nation loses one of its most trustworty and acceptable representatives, and Pennsylvania one of her most distinguished citizens.

To these words in remembrance of the younger sons of Pennsylvania, I am called to add the memorial of the venerable citizen of its metropolis, the State, and the country. Morton McMichael died at Philadelphia, on the sixth of January, 1879, at the age of seventy-one. An actor in his country's history for half a century; the friend and associate of Webster and Clay of one generation, and of Lincoln and Grant of another, he filled the circle of fullest citizenship. When office came within the sphere of his duties, he filled it with signal ability and scrupulous fidelity, and lived as a private citizen, one of those exceptional lives, that without illustrious deeds, by the quiet, unlabored, and perfect performance of every duty, make men great. With such men, full of years and honors, death itself seems almost like the performance of a sacred duty.

CONCLUSION.

Before your session closes I shall have resigned the trusts committed to my care. I think it proper to extend to the people, through their chosen representatives, my thanks for their confidence and support, and my earnest desire for the welfare of the State. Containing within its borders all the elements of empire and civilization, we may justly look forward to the time when its cities will be the Sheffields and Birminghams of the Western Hemisphere, and the Delaware rival the Clyde. But I shall not detain you by any eulogium upon Pennsylvania, or indulge in any speculations concerning the future. To-day it pours over a conti-

nent its treasures of coal and iron, of oil and lumber. I believe its true progress lies in extending its industries and educating its laborers. As said last year, the great warfare of the nineteenth century is industrial warfare. In this contest Pennsylvania will enter with unrivaled resources, and wise and liberal legislation ought to give an army of skilled workmen that will win a noble victory. That destiny this generation may not realize, but it is for us to lay its broad foundations in the varied products of its soil, and in the intelligence and virtues of its people. With that end in view, let us invoke the assistance of the same Power that has guided Pennsylvania to its present high position, to enable us to mould its social relations in accordance with His immutable laws, and hand the noble Commonwealth to our successors with a higher civilization and a yet happier people.

J. F. HARTRANFT.

HARRISBURG, *January 7, 1879.*

APPENDIX.

ALLEGHENY, PA., *December 23, 1878.*

To His Excellency GOVERNOR HARTRANFT, *Harrisburg, Pa.:*

DEAR SIR: The inspectors of the Western Penitentiary have taken possession of the Reform School property at Wood's Run, Allegheny, and have already removed one hundred and fifty of their surplus prisoners to the new premises. A thorough renovation has been made of the reform buildings, sewerage, and heating apparatus, so as to secure a safe, healthy, and convenient arrangement for the keeping of the prisoners removed. By this change the double advantage has been gained: 1st. Of depleting the old penitentiary of its crowded surplus population; and 2d. Of putting the prisoners thus removed at wholesome and remunerative out-door work.

In procuring the transfer of the Reform School property, at Wood's Run, to the Commonwealth, for the use and occupancy of the Western Penitentiary, it was necessary, in order that the title to the property should be clear and unincumbered, that a certain mortgage on the same, given to secure a bonded indebtedness, to amount of nineteen thousand ($19,000) dollars, should be removed. This was accomplished by a pledge of the inspectors of the Western Penitentiary that they would assume the payment of the said bonded debt, and that they would ask the Legislature to make an appropriation for this purpose.

These bonds mature as follows, to wit:

August 1, 1879, ...	$10,000	
February 1, 1880, ...	9,000	
		$19,000

We ask, therefore, a special appropriation of $19,000 to meet these bonds at maturity, and $2,000 additional, to pay interest on same from August 1, 1878; in all, $21,000.

The bonds bear eight per cent. interest.

In addition to our usual annual appropriation for salaries of officers, we wish an appropriation of $200,000, payable in eight quartely installments, dating from April 1, 1879, to enable us to carry forward our desirable pro-

ject of removing the old and building the new penitentiary. Our plan adopted in the erection of the new penitentiary embraces an accommodation of one thousand cells. This we think will be of a capacity sufficiently large to take care of all the prison population of Western Pennsylvania for many years to come.

We are perfectly satisfied, upon a critical and thorough examination of the property and premises, that no more eligible or convenient location could have been secured for the new penitentiary buildings any where than that which the State has secured from the Reform School, at Wood's Run Allegheny.

Very respectfully,

T. H. NEVIN,
President, Board of Inspectors.